



**Carol Luniewski**  
Rate Analyst  
Phone: 412-208-6931  
Email: Carol.S.Luniewski@peoples-gas.com

RECEIVED

MAR 24 2014

PUBLIC SERVICE  
COMMISSION

**VIA ELECTRONIC FILING**

March 20, 2014

Jeff Derouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

RE: Peoples Gas KY LLC  
GCR Filing Proposed to Become Effective May 1, 2014

Dear Mr. Derouen:

Enclosed for filing on behalf of Peoples Gas KY LLC (Peoples KY) is the Gas Cost Recovery (GCR) filing for the calendar quarter ended January 31, 2014, for rates proposed to become effective May 1, 2014. Also included are Second Revised Sheet No. 2 and Second Revised Sheet No. 4, to Peoples KY PSC Kentucky No. 1 Tariff, which are being filed pursuant to the Purchased Gas Adjustment Provision of that Tariff. A hard copy will follow via regular mail delivery.

This filing proposes a GCR rate of \$7.1415 per Mcf of sales, an increase of \$0.5262 per Mcf from the current PGA, which was approved in Case No. 2014-00004 effective February 1, 2014.

For the purposes of forecasting its Expected Gas Cost (EGC), Peoples KY is assuming purchases based on the Appalachian Index price of gas for Columbia Transmission. This price is developed by averaging the estimated cost of gas over 3 months beginning May 2014.

Schedule 1 of the filing is a summary of the proposed PGA rate components. Schedule 2 is a summary of the expected gas costs based on purchases for the 12 months ended January 2014. Schedule 3 is a listing by month of Peoples KY's sales to its customer's for the 12 months ended January 2014. Schedules 4 and 5 are summaries of ACA components.

Sincerely,

Carol Luniewski  
Rate Analyst

Enclosures

---

---

RATE

Customer: Various

Expiration: See "Special Conditions"

Point of Delivery:

At connection along Kentucky West Virginia Gas Company's well connection and gathering system in Eastern Kentucky included in Peoples Gas KY LLC's service area.

Rate:

Customer Service Charge: \$7.50

	<u>Base Rate</u>	+	<u>Gas Cost Recovery Rate*</u>	=	<u>Total Rate</u>	
All Mcf	\$2.1322		\$7.1415 per MCF		\$9.2737	(I)

The minimum monthly bill shall be \$7.50.

\*The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 4 and 5 of this tariff.

The following adjustment shall be made to the above rates:

- (1) Customer bills may also include gross receipts license taxes as authorized under the Kentucky Education Reform Act of 1990.

Gas delivered pursuant to this tariff is from pipelines owned and operated by Peoples Gas KY LLC's supplier and all gas sold hereunder is made available by said supplier. Peoples Gas KY LLC shall have the right to abandon gas service to any customer served from any line which is no longer operated by its supplier for any reason whatsoever. All gas sold and delivered under this Tariff shall be delivered at the varying pressures of Peoples Gas KY LLC's supplier's pipeline, and it shall be the responsibility of the customer to supply, maintain, and operate the necessary regulator and related equipment for the customer's use.

(I) Indicates Increase.

---

---

ISSUED: March 20, 2014

EFFECTIVE: May 1, 2014

Issued By:



Carol Luniewski  
Rate Analyst

---

---

PURCHASED GAS ADJUSTMENT CLAUSE  
(Continued)

Definitions

For purposes of this tariff:

- a. "Average Expected Cost" is the cost of purchased gas which results from the application of supplier rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased gas volumes during the twelve-month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments to its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.
- b. "GCR" means the quarterly updated gas cost recovery rate and is the sum of the expected gas cost component plus the supplier refund adjustment plus the actual cost adjustment plus the balancing adjustment; i.e.,  $GCR = EGC + RA + ACA + BA$ .
- c. "Calendar Quarters" means each of the four three-month periods of (1) February, March, and April; (2) May, June, and July; (3) August, September, and October; (4) November, December, and January.
- d. "Reporting Period" means the three-month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas cost recovery rates; i.e., the calendar quarters ended April 30, July 31, October 31, and January 31 of each year.

Gas Cost Recovery Rate (GCR):

Expected Gas Supply Cost (EGC)	6.9489	(I)
Refund Adjustment (RA)	0.0000	
Actual Cost Adjustment (ACA)	0.2229	(I)
Balance Adjustment (BA)	<u>(0.0303)</u>	(I)
Total Gas Cost Recovery Rate per Mcf	7.1415	(I)

(I) Indicates Increase.

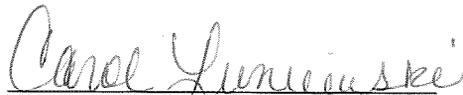
---

---

ISSUED: March 20, 2014

EFFECTIVE: May 1, 2014

Issued By:



Carol Luniewski  
Rate Analyst

Peoples Gas KY LLC

Summary of Proposed Tariff Rates

	<u>Current Tariff Rate</u>	<u>Current GCR Rate</u>	<u>Proposed GCR Rate</u>	<u>Difference</u>	<u>Proposed Tariff Rate</u>
	(1)	(2)	(3)	(4)	(5)
	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf	\$/Mcf
	(a)	(b)		(3) - (2)	(1) + (4)
All MCF	8.7475	6.6153	7.1415	0.5262	9.2737

(a) Non-Gas Rate approved by the Commission at Case No. 2003-00411.

(b) Rate approved by the Commission at Case No. 2014-00004.

## Peoples Gas KY LLC

Summary of Gas Cost Recovery Rate  
Proposed to Become Effective for the  
Period May 1, 2014 through Jul 31, 2014

Line No.	Units (1)	Amount (2)	
<u>GCR Components</u>			
1	Expected Gas Cost (EGC)	\$/Mcf	6.9489
2	Supplier Refund (RA)	\$/Mcf	0.0000
3	Actual Cost Adjustment (ACA)	\$/Mcf	0.2229
4	Balance Adjustment (BA)	\$/Mcf	<u>(0.0303)</u>
5	Gas Cost Recovery Rate (EGC + RA + ACA + BA)	\$/Mcf	<u><u>7.1415</u></u>
<u>Expected Gas Cost Calculation (EGC)</u>			
6	Total Expected Cost of Gas	\$	1,565,330 (a)
7	Total Annual Sales	Mcf	<u>225,264 (b)</u>
8	Expected Gas Cost Rate (EGC) (Line 6 ÷ Line 7)	\$/Mcf	<u><u>6.9489</u></u>
<u>Supplier Refund Adjustment Summary</u>			
9	Current Quarter Refund Adjustment	\$/Mcf	0.0000 (c)
10	Previous Quarter Refund Adjustment	\$/Mcf	0.0000 (d)
11	2nd Previous Quarter Refund Adjustment	\$/Mcf	0.0000 (e)
12	3rd Previous Quarter Refund Adjustment	\$/Mcf	<u>0.0000 (f)</u>
13	Supplier Refund Adjustment (RA)	\$/Mcf	<u><u>0.0000</u></u>
<u>Actual Cost Adjustment Summary</u>			
14	Current Quarter Adjustment	\$/Mcf	(0.3251) (g)
15	Previous Quarter Adjustment	\$/Mcf	(0.2517) (d)
16	2nd Previous Quarter Adjustment	\$/Mcf	0.8651 (e)
17	3rd Previous Quarter Adjustment	\$/Mcf	(0.0654) (f)
18	Actual Cost Adjustment (ACA)	\$/Mcf	<u><u>0.2229</u></u>
<u>Balance Adjustment Summary</u>			
19	Current Quarter Adjustment	\$/Mcf	0.0046 (h)
20	Previous Quarter Adjustment	\$/Mcf	(0.0136) (d)
21	2nd Previous Quarter Adjustment	\$/Mcf	(0.0036) (e)
22	3rd Previous Quarter Adjustment	\$/Mcf	(0.0177) (f)
23	Balance Adjustment (BA)	\$/Mcf	<u><u>(0.0303)</u></u>

(a) See Schedule 2.

(b) See Schedule 3.

(c) No supplier refunds were received during Nov 2013 through Jan 2014.

(d) As approved in Case No. 2014-00004.

(e) As approved in Case No. 2013-00352.

(f) As approved in Case No. 2013-00236.

(g) See Schedule 4.

(h) See Schedule 5.

## Peoples Gas KY LLC

Calculation of Expected Gas Cost Based on Purchases  
for the Twelve Months Ended January 2014 At Supplier  
Costs Estimated to Become Effective May 1, 2014

	<u>Purchases</u>	<u>Purchases</u>	<u>Average Rate</u>	<u>Annual Cost</u>
	(1)	(2)	(3)	(4)
	Mcf	Dth	\$/Dth	\$
			(a)	(2) x (3)
<u>PURCHASES</u>				
1 February 2013	33,638	45,919	5.7113	262,257
2 March	33,850	44,739	5.7113	255,518
3 April	13,922	29,711	5.7113	169,688
4 May	8,095	13,116	5.7113	74,909
5 June	3,484	6,477	5.7113	36,992
6 July	3,578	4,684	5.7113	26,752
7 August	3,562	3,697	5.7113	21,115
8 September	4,432	4,324	5.7113	24,696
9 October	14,406	6,123	5.7113	34,970
10 November	28,366	20,429	5.7113	116,676
11 December	28,389	40,255	5.7113	229,908
12 January 2014	49,542	54,602	5.7113	311,848
13 Total	<u>225,264</u>	<u>274,076</u>	<u>-</u>	<u>1,565,330</u>

(a) Estimated average rate based on average Nymex prices plus TCO basis for a 3 month period, plus \$0.72065/Dth VTS Rate from Kentucky West Virginia Gas Company, and adjusted for 11% retainage.

Peoples Gas KY LLC

Summary of Sales

<u>Line</u>	<u>Month</u>	<u>Sales</u>
<u>No.</u>		(1) Mcf
1	February 2013	33,638
2	March	33,850
3	April	13,922
4	May	8,095
5	June	3,484
6	July	3,578
7	August	3,562
8	September	4,432
9	October	14,406
10	November	28,366
11	December	28,389
12	January 2014	49,542
13	Total	225,264

## Peoples Gas KY LLC

Calculation of Actual Cost Adjustment for the Period  
November 2013 through January 2014

<u>Description</u>	<u>Unit</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>Total</u>
	(1)	(2)	(3)	(4)	(5)
1 Supply Volume Per Invoice	Dth	20,429	40,255	54,602	115,286
2 Supply Cost Per Books	\$	95,381	187,947	301,645	584,973
3 Sales Volume (c)	Mcf	(1,977) 30,343	28,389	49,542	106,297
4 EGC Rate in Effect (a), (c)	\$/Mcf	5.3616			
EGC Rate in Effect (b), (c)		6.177	6.177	6.177	
5 EGC Revenue (Line 3 x Line 4)	\$	176,830	175,362	306,019	658,211
6 Over/(Under) Recovery (Line 5 - Line 2)	\$	81,449	(12,585)	4,374	73,238
7 Total Current Quarter Actual Cost to be included in rates					73,238
8 Sales for the 12 Months Ended January 2014					225,264
9 Current Quarter Actual Cost Adjustment (ACA) (Line 7 ÷ Line 8)					(0.3251)

(a) Approved in Case No. 2013-00236.

(b) Approved in Case No. 2013-00352.

(c) November pro-rated for rate change.

## Peoples Gas KY LLC

Calculation of Balancing Adjustment for  
Over/(Under) Recoveries of Gas Cost Incurred  
During the Twelve Month Period Beginning February 2013

	<u>Sales</u>	<u>ACA</u> <u>Rate</u>	<u>ACA</u> <u>Recovery</u>	<u>Over/(Under)</u> <u>Collection</u> <u>Balance</u>
	(1)	(2)	(3)	(4)
	Mcf	\$/Mcf	\$ (1) x (2)	\$
Balance Approved by the Commission in Case No. 2012-00584.				4,865
<u>Actual</u>				
February 2013	36,439	(0.0258)	(940)	3,925
March	33,850	(0.0258)	(873)	3,051
April	12,875	(0.0258)	(332)	2,719
May	9,142	(0.0258)	(236)	2,483
June	3,484	(0.0258)	(90)	2,393
July	3,387	(0.0258)	(87)	2,306
August	3,753	(0.0258)	(97)	2,209
September	4,432	(0.0258)	(114)	2,095
October	12,429	(0.0258)	(321)	1,774
November	30,343	(0.0258)	(783)	991
December	28,389	(0.0258)	(732)	259
January 2014	50,043	(0.0258)	(1,291)	(1,032)
Total	<u>228,566</u>		<u>(5,897)</u>	

Estimated Annual Sales 225,264 Mcf

Balancing Adjustment \$0.0046 /Mcf  
(\$1,032 ÷ 225,264 Mcf)